

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**UNITED STATES POSTAL SERVICE RESPONSE TO GREETING CARD
ASSOCIATION INTERROGATORY GCA/USPS-9**
(June 26, 2012)

The United States Postal Service provides an institutional response to the above-identified interrogatory of the Greeting Card Association dated February 24, 2012. The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**UNITED STATES POSTAL SERVICE RESPONSE
TO GREETING CARD ASSOCIATION INTEROGATORY**

GCA/USPS-9

In FY2011, the Postal Service was scheduled to widely deploy DBCS 7 equipment, which reportedly has a 30 percent greater throughput than the DBCS 6 equipment in use in FY2010.

(a) Did the conversion to DBCS 7 equipment in fact happen in FY2011?

(b) If your answer in (a) is "yes", please confirm that 30 percent more mail per machine can be processed in order to meet the overnight delivery standard than was reflected in FY 2010 data. If you do not confirm, please ex-plain.

(c) Would you agree that fewer DBCS 7 than DBCS 6 machines would be needed to process FY 2010 volumes of First-Class Letter Mail (FCLM)?

(d) In the transition to DBCS 7 machines, would you agree that the reduction in the number of DBCS needed can be obtained without changing current service standards? Please fully explain your answer, indicating, in case of a negative answer, whether a lesser change in current service standards than an extra day could enable the reduction in the number of machines.

(e) In the transition to DBCS 7 machines, would you agree that 30 percent greater throughput than the DBCS 6 machines reduces the constraints on current service standard windows in order to maintain overnight delivery for Single-Piece FCLM? (For example, with fewer machines than in a DBCS 6 regime, DBCS 7 equipment can more easily meet the workload peak in the 2:00 A.M. to 6:00 A.M. time period.) Please fully explain your answer.

RESPONSE

(a) No. The Postal Service was not "scheduled to widely deploy DBCS 7 equipment..." in 2011. The Postal Service tested a single machine and did not deploy this equipment because the projected benefits of the equipment were not sufficient to merit the capital investment.

(b) Not applicable.

(c) The DBCS 7 demonstrated a higher throughput on test runs. However, there are other factors that limit the number of DBCS required to perform delivery point sequencing beyond just throughput and volume. Specifically, the number of delivery points within a particular delivery area impacts the number of DBCS required to process volume to delivery point.

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RESPONSE to GCA/USPS-9 (continued):

(d) No. An increase in throughput of DBCS could reduce the number of DBCS required, but it most likely would not yield sufficient equipment reductions or cost savings to merit the capital investment required to purchase the machines or retention of the overnight service standard. The number of delivery points must be considered as a factor limiting the number of required DBCS. The cost savings associated with the service standard change is not based solely on the reduction of DBCS and related cost, as it includes savings associated with transportation and other mail processing operations.

(e) No. A DBCS with a higher throughput would reduce some, but not all, of the constraints associated with the current mail processing environment. As stated on page 12 of witness Neri's testimony, there is idle time among letter operations in which mail processing equipment is not utilized. A faster machine would increase this idle time in many cases. Also, a faster machine does not address the constraint of the number of delivery points, or related transportation and other savings associated with the changes proposed in this docket.